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EX PARTE OR LATE FILED

February 23, 1999

NOTICE OF EX PARTE PRESENTATION

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
Portals II Building
445 Twelfth Street, S.W.
Washington, D.C. 20554

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FEB 23 1999

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: *In the Matter of Applications for Transfer of Control to SBC
Communications Inc. of Licenses and Authorizations Held by Ameritech
Corporation, CC Docket No. 98-141*

Dear Ms. Salas:

Please be advised that yesterday Chuck Smith (President-Network Services, Pacific Bell), Michael Kaufman (President-Consumer Markets Group, Pacific Bell), Bill Blase (Vice President-Regulatory) and the undersigned met with Commissioner Gloria Tristani, Rick Chesson and Christi Shewman in connection with the above-referenced pending applications. The purpose of the meeting was to discuss service quality, service rate levels and sales practices in California following SBC's merger with Pacific Telesis Group. The attached material served as a basis for our discussion.

In accordance with the Commission's rules governing ex parte presentations, an original and one copy of this notification are provided herewith. Please call me directly should you have any questions.

Respectfully submitted,

Zeke Robertson

Attachment

cc: The Hon. Gloria Tristani
Mr. Chesson
Ms. Shewman

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List ABCDE

Pacific Bell

Post Merger Performance

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FEDERAL COMMUNICATIONS COMMISSION
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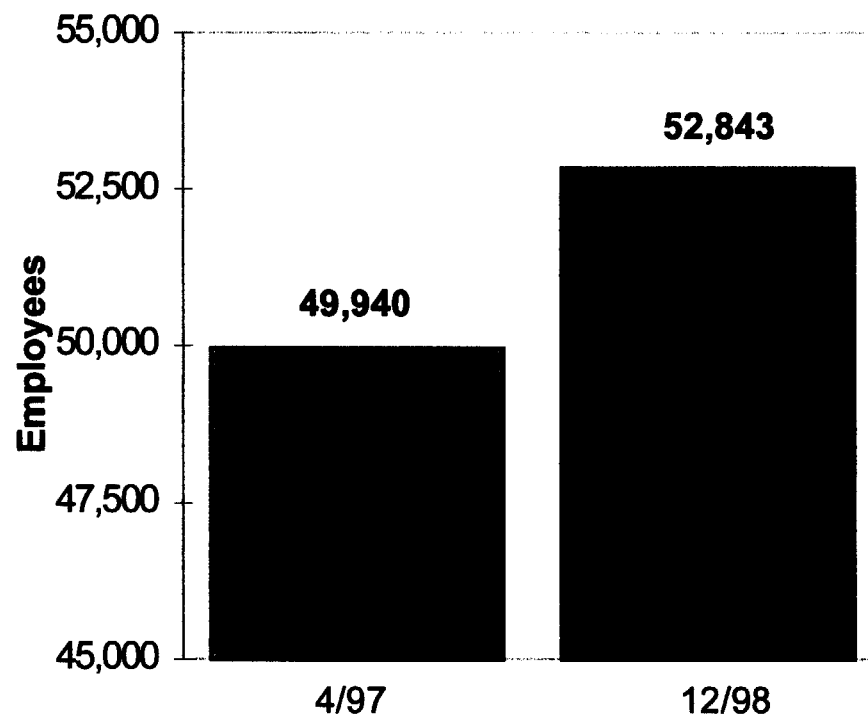
Since the Merger (4/1/97)

- **Service Quality** results improved in 1998 (ARMIS 43-05).
- Almost **3000 New Jobs** in California.
- Annual **Capital Spending** increased 20% on OSP and CO facilities.
- More than 800 **Colocation Cages** installed by year-end '98, an increase of more than 400%.
- Pacific Bell has some of the lowest prices in the nation. Additionally, **Prices** have been reduced by \$496M since the merger.
- Ethical **Sales Practices** that comply with Commission rules.

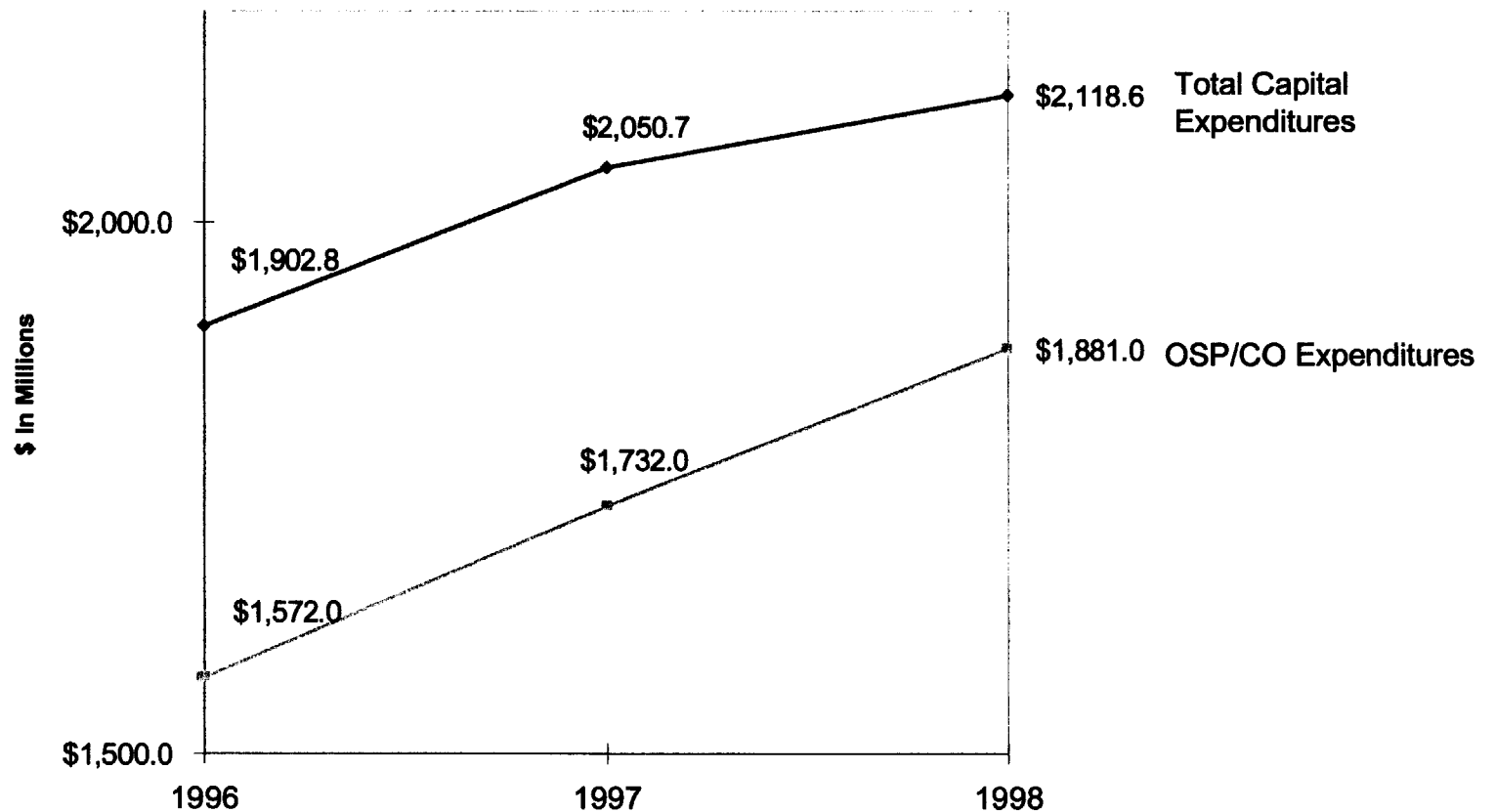
Pacific's service quality improved in 1998.

	<u>'97</u>	<u>'98</u>		<u>'97</u>	<u>'98</u>
• % Install. Commit. Met	98.2	98.7	• Initial Trouble Reports	2639	2784
• Avg. Install. Interval (days)	3.0	2.4	• Out of Service Repair Interval (hours)	40.7	43.6
• Total Switches with Downtime	138	106	• Repeat Trouble Reports	433	517
• Total Switch Downtime in Minutes	510	82			
• State Complaints - Business Users	94	85			
• State Complaints - Residence Users	544	529			

Installation orders increased significantly in 1998 (37%). Also, Pacific experienced record rainfall in the 1997/1998 season severely impacting repair statistics.

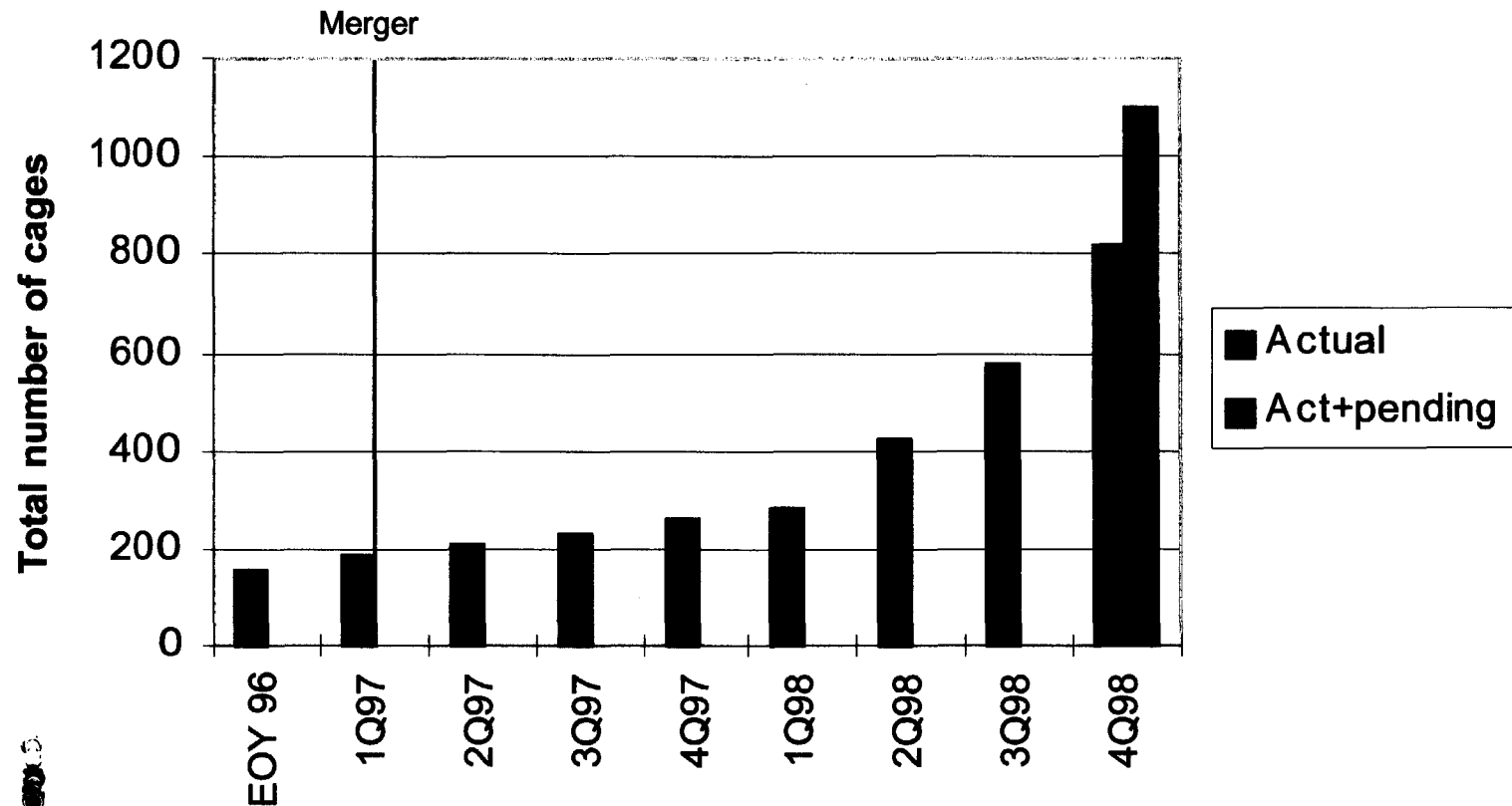


2903 new jobs have been added since the merger. This increase includes more than 2000 customer facing jobs: 1000+ service representatives and 1000+ communications, services and splicing technicians. Additionally, we have over 1000 requisitions outstanding for these customer facing positions.



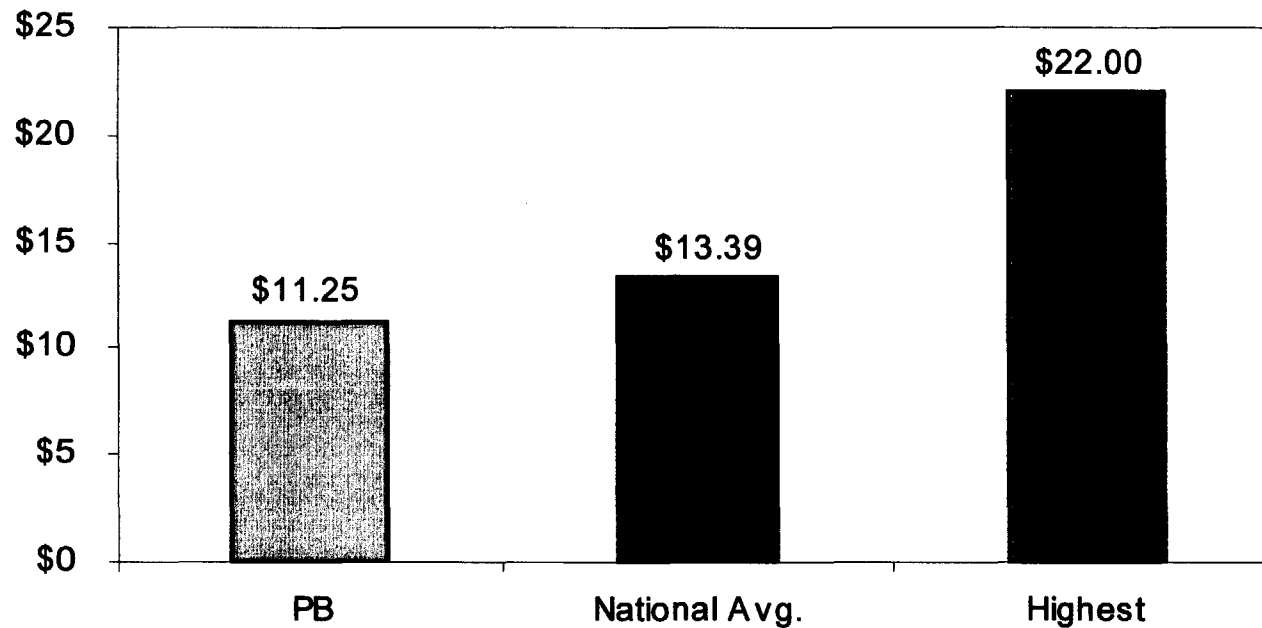
Capital expenditures comparison:

- 20% Increase '98/'96 - Outside Plant & Central Office Facilities
- 11% Increase '98/'96 - Total Capital for PB



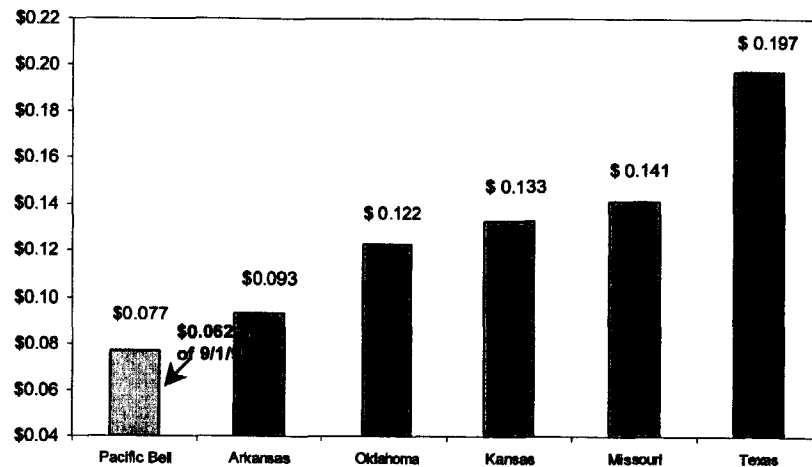
- CLECs located in almost 30% of Pacific Bell's 755 CO/wire centers. These CO/wire centers account for 75% of PBs business revenues and 72% of PBs residential revenues.
- The number of colocation cages currently in place (4Q98) is nearly 4 1/2 times the number in place at the time of the merger (1Q97).

**Residence Local Exchange Flat Rates
(1997 Data)**

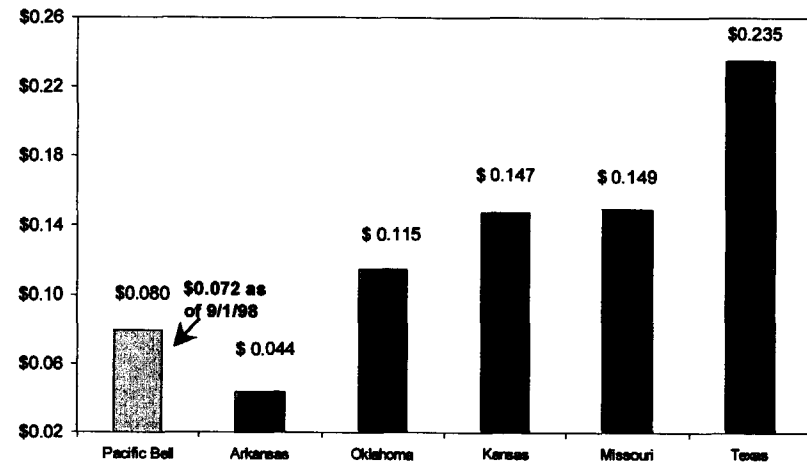


Pacific Bell's residential local exchange flat rates are nearly 20% lower than the National Average.

**Consumer Markets
1997 Average Toll Rates**

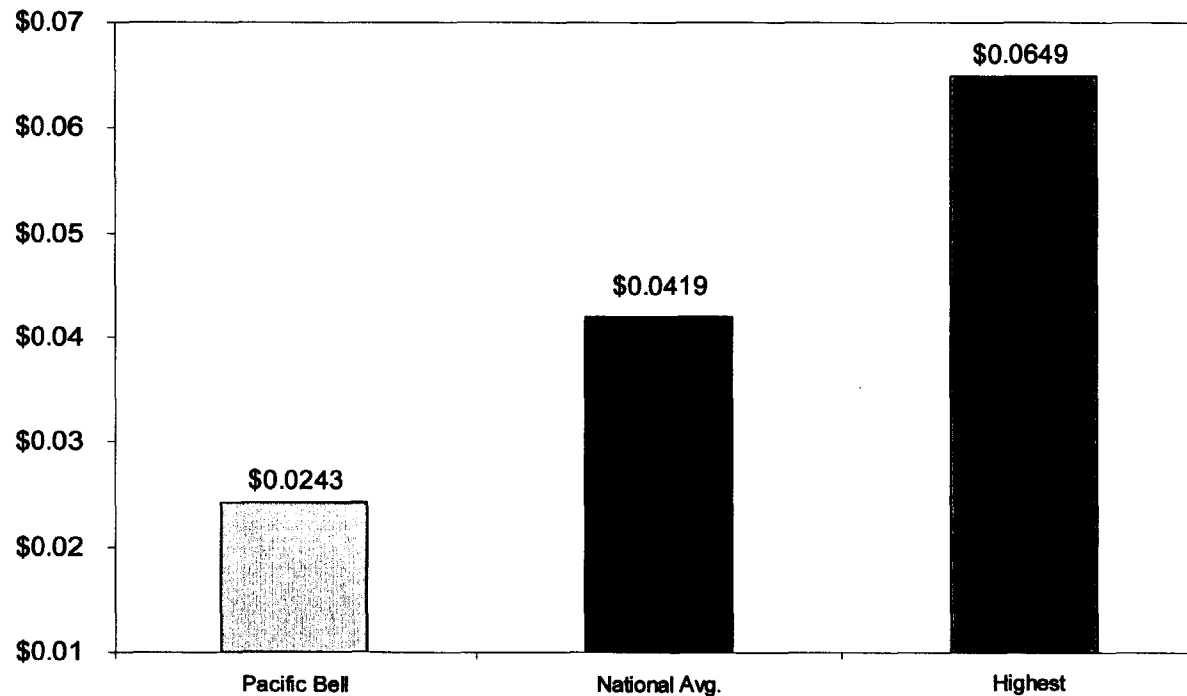


**Business Markets
1997 Average Toll Rates**



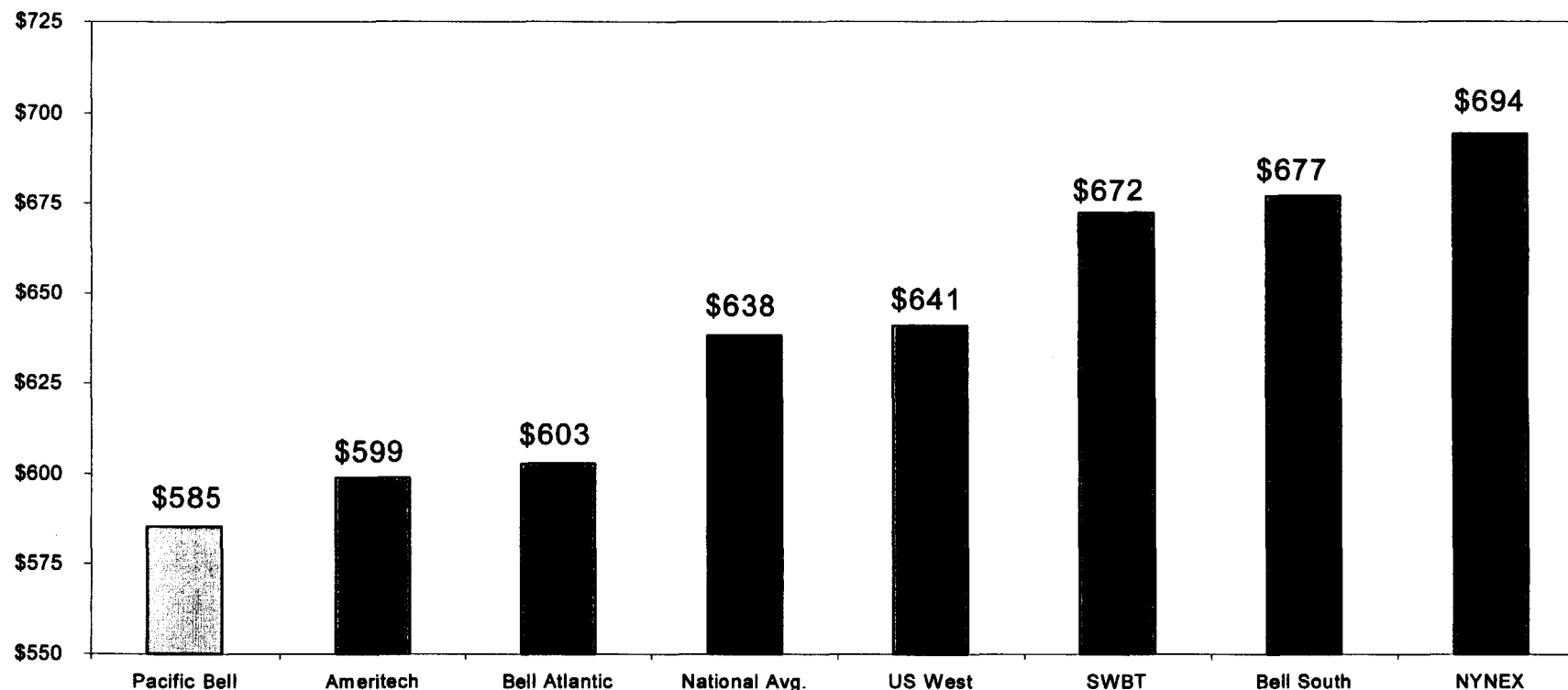
- During 1997, Pacific Bell's Toll rates were among the lowest in the nation
- Effective 9/1/98, Pacific Bell's basic tariff rates for Toll Services were reduced for both residence and business customers.

**Total Intrastate Access Charges
1997 Average Rate Per MOU**



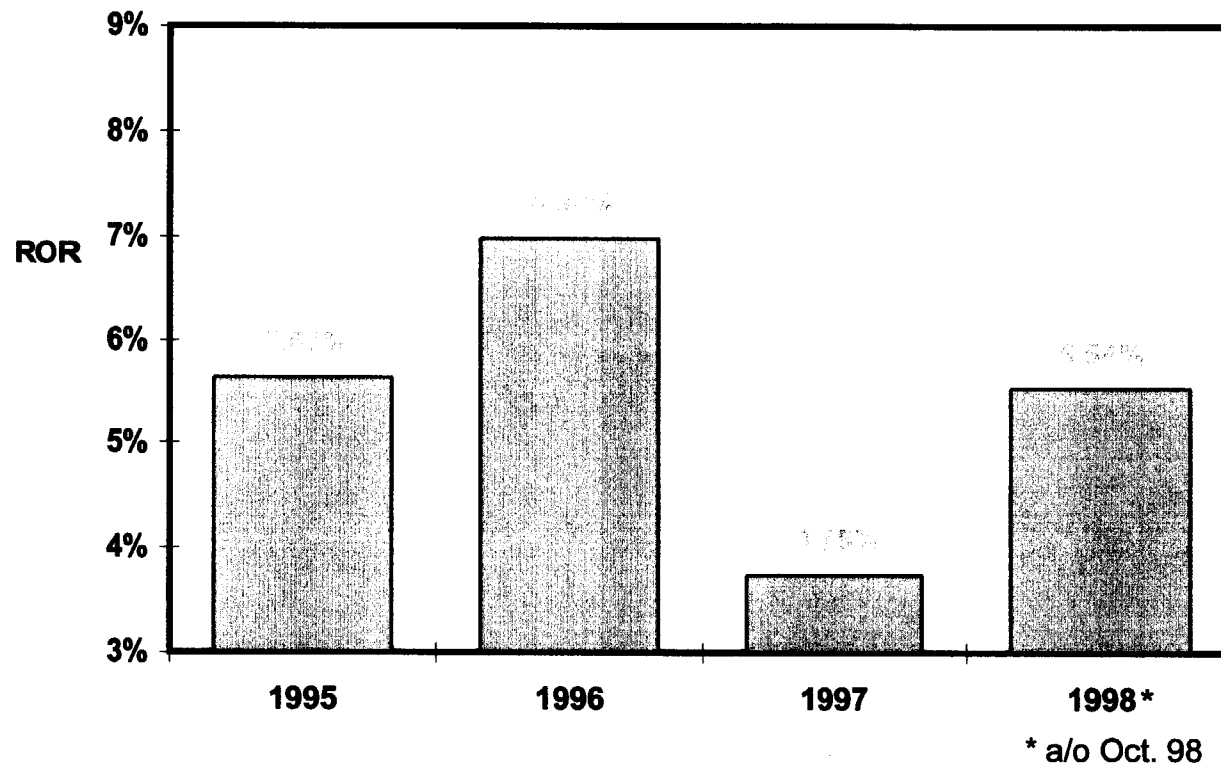
Pacific Bell's average intrastate access rate per minute of use is 42% below the national average --- the lowest amongst all the RBOCs.

1997 Total Revenues Per Average Access Line



- Pacific continues to have the lowest revenues per average access line among the RBOCs.
- Pacific's revenues per average access line is more than 8% (\$53 per line) below the national average, and nearly 16% (\$109 per line) below the RBOC with the highest revenues per access line.

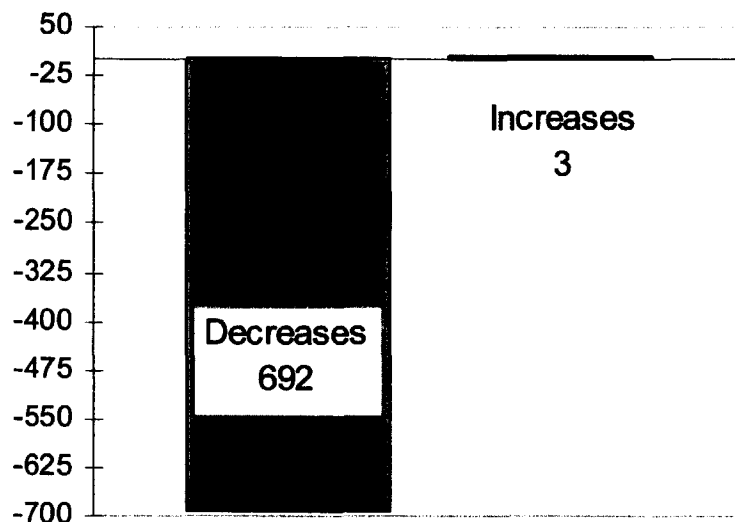
Intrastate Rate of Return



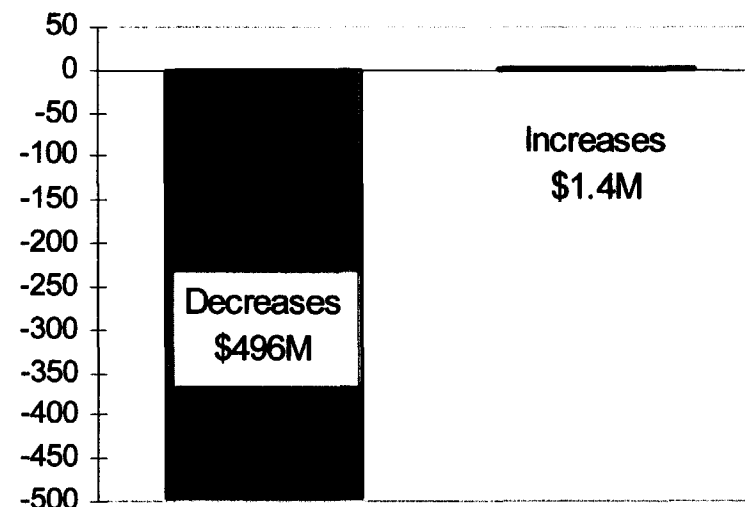
Intrastate operations are approximately 75% of Pacific's regulated operations.

Allegation: Opponents allege that Pacific has requested substantial rate increases for a number of services.

Number of Advice Letters with price changes since the merger



Value of price changes since the merger



Fact: Since the merger, Pacific has reduced prices by \$496M. This includes reductions associated with contracts, promotions, price cap filings, and other rate reductions.

- Pacific operates rigorous systems to ensure **ethical sales practices**.
- Pacific has a goal to assist customers to make **informed choices** about our current products and services.
- Sales tools are designed for uniform use by service representatives to ensure **compliance** with all CPUC guidelines and ethical sales practices.
- Pacific makes sure that customers are fully-informed.
- Pacific's approach is **endorsed by CWA**, representing 90 percent of our customer service reps.
- **Pacific will not tolerate unethical sales practices.**